



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION

March 15, 2016

Members Present:

Bob Heuchan	President
Richard Wertz	Vice President
BJ Deppe	Secretary
Paul Buening	Member
Keith Fox	Member
Danny Vaughn	School Board Representative

Others Present:

Rhoni Oliver	Community Development Specialist
Julie Spate	Recording Secretary
Rob Schafstall	Legal Counsel

Call to Order:

Bob Heuchan called the meeting to order at 8:00 a.m. and welcomed Paul Buening to the commission. Mr. Buening gave words of introduction about himself.

Approval of Minutes:

BJ Deppe made a motion to approve the February 16, 2016 minutes. Richard Wertz seconded the motion. The motion carried.

Old Business:

None.

Other Business

Hetsco Reimbursement Discussion

Rob Schafstall introduced that before the closing from Runnebohm to Hetsco on the shell building project, the property was reassessed. That caused an unexpected \$55,000 tax burden on Hetsco. Eric Prime explained further. Indiana pays real estate taxes in arrears. The property the shell building was built upon was farm ground prior to the shell build and had been assessed at farm land rates. The 2013 taxes payable in 2014 were still the farm ground rates. A new assessment occurred in late 2013 or spring of 2014 and new number sent out to the owner (Runnebohm or City of Franklin). At closing a credit was given to Hetsco for the first nine and a half months at farm ground rates. The next property tax due was spring of 2015, and it was at the new assessed rate that no one knew about, taking the taxes from a couple hundred dollars to \$32,000 a half. Hetsco was only entitled to nine and a half months, so \$50,213.79. Runnebohm's position is that their agreement with the city was a pass through for all holding and closing costs and had the number been calculated correctly it would have passed through to the city. Mr. Heuchan called for a motion to set this up as a resolution for next month to

reimburse Hetsco. Mr. Deppe made the motion. Mr. Wertz seconded. Mr. Heuchan highlighted that had the building not sold for another year or longer, it would have been billed to Runnebohm which would have passed through to the RDC as part of the economic development agreement with Runnebohm at that time. It passed.

New Business:

South Downtown Redevelopment Discussion

Mayor Joe McGuinness introduced the garment factory building currently used by Greenwood Moving and Storage. The city submitted a Stellar Community grant proposal to the state during Mayor McGuinness's first year in office involving one building and community south of downtown Franklin. Grant monies were not received so the project was put on hold for a time. For the last 18-24 months there has been much discussion and showings of the building. There was significant interest, but one group in particular was a leader in that they were local and presented a project making the most sense for mixed use. Discussions began with Billy and Todd Bemis from Bemis Group last fall. When the \$15 million TIF bond was issued in June 2015, \$2 million had been separated out for downtown redevelopment projects. In the mayor's mind, these funds were primarily for three specific projects—the Artcraft, 351 E Jefferson Street and the last was the Garment Factory. The mayor's calculation figured at least the remaining funds from this \$2 million allocation would be needed to get this project started. The project has since grown to include the entire Wayne Street block.

Billy & Todd Bemis and Oaken Barrel's Kwang Casey presented. Mr. Bemis opened with a PowerPoint presentation introducing Bemis Group and the proposed Garment Factory project. They presented the Young's Creek Neighborhood Redevelopment, a new public/private partnership just south of downtown. The area is the north end of Wayne Street, the home on the east end and the west end of Main Street, including the former Garment Factory building. The proposed project parameters include additional parking on the southside of downtown, professional landscaping and beautification of the slopes to Young's Creek and Province Park and retail shops within the former Garment Factory building. Four Wayne Street residential properties are under contract with Bemis Group. Upon closing, Bemis Group plans to turn those over to the city to construct a public parking lot. For the old garment factory buildings proper, they proposed the multi-use of Garment Factory Events, Garment Factory Marketplace and Residences at the Garment Factory. Mr. Casey is partnered with Bemis Group and will be a tenant and the owner of Garment Factory Events within 12,000 sq. ft. of space and for gatherings of up to at least 500 people with on-site catering. The Garment Factory Marketplace will provide 10-20,000 sq. ft. of retail space. The Residences at the Garment Factory would be owner-occupied single and two-level condominiums with secure parking and additional storage in the building basement area.

The property acquisition is \$720,000 for 101 E. Wayne St. and 199 S. Water St. Acquisition of the rental properties and one single-family dwelling on the south side of Water, west of the building, is \$253,000. Bemis Group is asking for help with the Garment Factory building renovations in the amount of \$302,000. The total investment being requested from RDC of \$1,275,000. The total planned Bemis Group investment in the project is \$2,500,000 for a grand total in the partnership of \$3,775,000. The six properties currently under contract pay a total of \$13,190 in property taxes. Projected taxes after redevelopment is a minimum of \$52,000. Mr. Casey expressed his excitement and support for the project. Mr. Fox expressed excitement for the project.

Keith Fox expressed his support and enthusiasm. Mr. Wertz also expressed support. He asked if there is adequate area parking for an event for 500 people. Billy Bemis said currently no. That is why they

appealed to properties next to the building, all of whom have agreed to contracts. That will provide additional parking along with any potential redevelopment of Wayne Street provided street parking along with event valet parking or a shuttle bus to other city lots. Mr. Wertz also asked about project timing and Mr. Casey responded he would like to see at least the event facility completed by the arrival of the holiday season. Billy Bemis said the purchase agreements and Garment Factory are also on fast track to be able to use the summer months for exterior renovations. Todd Bemis added due diligence needed for the east side regarding marketing for retail and condo space. Mr. Heuchan asked for explanation of the Wayne Street improvements. Mayor McGuinness explained having Crossroad draw up some preliminary schematics. Trent Newport from Crossroad Engineers was also in attendance at the meeting. Another 105 parking spaces will be created along Wayne Street, 50 resulting from the demolition of the properties west of the garment factory. The mayor envisions Wayne Street to be very much a mirror image of Monroe Street. Another specific is to use the new parking lot to access drainage to get it down to Young's Creek. The Indiana legislature approved the distribution of local income taxes back to the communities in May, Franklin's to be \$2.4 million. A portion of these dollars would be used for the redevelopment of the street and new parking. The schools will receive in the \$350-380,000 range. Mayor McGuinness feels the requested quote of \$1,275,000 from RDC may need to grow as the project continues to grow, maybe more in the \$1,400,000 range. He recommended the money to come out of the TIF bond. Mr. Heuchan said that's possible without a public hearing but there has been a commitment to transparency especially with regards to the TIF funds. Formal approval may not be granted today but discuss it and schedule a meeting one week from today. Mayor McGuinness reminded that the purchase agreement deadlines are the end of the month and spring break is coming. Mr. Heuchan asked how many hours the mayor has put in on this project, knowing they've been thinking about it for several years. The mayor remembered starting the project in fall 2012. Mr. Heuchan disclosed his bank has relationship with the Bemis brothers and is being talked to regarding this project. Mr. Wertz would like to set the meeting for next week, Tuesday at 8am. Bemis will start taking down some of the residential properties the second week in April. Mayor McGuinness spoke of Kwang's vision for the events center with the ability to host 500+ people. Mr. Deppe clarified that the \$1,275,000 or \$1,400,000 if from the TIF bond and the Wayne Street renovations from the state returned tax monies.

Resolution 2016-12B: Downtown Redevelopment Project – Artcraft Theatre Improvements

Mr. Heuchan introduced the resolution. Mr. Schafstall reminded of the previous approval of \$375,000 for rehabbing the Artcraft. The TIF rules suggest commercial rehab projects should go through the FDC as a neighborhood development grant. Legal counsel is recommending the structure of both Artcraft and Hoosier Brewing Company rehabs as RDC grants to the FDC and then rehab agreements between the FDC and users of the space. This would go before FDC next week for their approval. Mr. Wertz made a motion to read by title only. Mr. Fox seconded. Mr. Wertz asked if coming out of the bond funds impacts granting to FDC. Mr. Schafstall said not that he is aware of but he will double check. The motion to read by title only passed. Mr. Heuchan called for a public hearing though not required. Mr. Heuchan closed the public hearing and Mr. Deppe made a motion to approve the resolution. Mr. Fox seconded and the motion passed.

Mr. Heuchan next introduced the grant agreement between the RDC and FDC. Mr. Schafstall described this as giving the management of the deal to the FDC. If it is not completed within a couple of years, the money will be returned to the RDC. Mr. Fox made a motion to approve the grant agreement. Mr. Wertz seconded. The motion passed.

Resolution 2016-13B: Grant Agreement with the FDC for Hoosier Brewing Co.

Mr. Heuchan introduced this with regards to the \$138,000 approved for construction, rehabilitation and repair of 151 Holiday Place. Mr. Schafstall highlighted a typo in the third whereas clause where it should read \$138,000. Mr. Deppe moved to read by title only. Mr. Fox seconded. The motion to read by title only passed. A public hearing was held. A motion to approve the resolution was made by Mr. Fox and a second by Mr. Wertz. The motion passed. A motion to approve the grant agreement was made by Mr. Fox and a second made by Mr. Wertz. The motion passed.

Other Business**Shell Building 2 Update**

Mr. Wertz tabled this for the April meeting agenda.

US 31 TIF Update

Mr. Wertz reported City Council unanimously approved the TIF. Mr. Schafstall said this will come back next month for the final public hearing and confirmatory resolution.

2015 Annual Report of the RDC

Rhoni Oliver reported this will go to City Council on March 21. Mr. Wertz moved to approve this report. Mr. Fox seconded and it passed.

February Financial Reports

Mr. Wertz asked if \$1,275,000 is the balance left for downtown redevelopment projects (#8) on the TIF fund bonds report. Mr. Heuchan affirmed.

Cash Flow Analysis Worksheet

Ms. Oliver reminded the TIF bond projects are not on this report, only the yearly bond payments.

Public Comment and Announcements

Travis Underhill reported starting to receive project bids. King Street between Forsythe and Community Park/Edwards St. bid last Monday. Engineer's estimate was around \$550,000 and low bid was \$491,276.94. Mr. Underhill asked for a resolution written for 10% more equaling \$540,000 due to some issues under the subgrade. He asked it to be on next week's agenda.

Mr. Heuchan asked for announcements from Cheryl Morphew, Janice Bullman and Tara Payne. Tara reported that Explore Downtown Franklin Open House held in partnership with Franklin College went well with businesses receiving lots of traffic.

There being no further business, the meeting was adjourned at 9:13 am.

Respectfully submitted this 19th day of April, 2016.

Bob Heuchan, President

BJ Deppe, Secretary